

Global infrastructure

Essential services drawing
more investors



03
**Global infrastructure:
essential services
drawing more investors**

04
Attractive Income

04
What is infrastructure?

05
Key fundamentals

06
**Global Infrastructure:
secular trends driving growth
and investment opportunities**

08
**Portfolio diversification:
how global infrastructure's
correlation compares**

09
**Defensive nature, less sensitive
to economic cycles and
competition**

09
Why now?

10
Imprint



Connie Luecke, CFA
Senior Managing Director,
Senior Portfolio Manager
Duff & Phelps*



Steven Wittwer, CFA
Senior Managing Director,
Senior Portfolio Manager
Duff & Phelps*

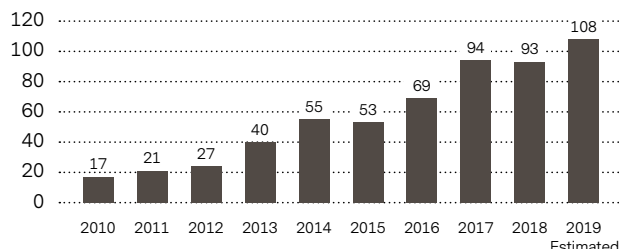
Global infrastructure: Essential services drawing more investors

Count the defensive characteristics: enormous pent-up demand; historically stable and predictable cash flows; inflation protected revenues; attractive yields; and the potential for capital appreciation.

Investors have allocated to global listed infrastructure to benefit from its history of above-average income and moderate growth, lower correlations to other asset classes, and reduced sensitivity to market swings and economic cycles.

Investor demand for infrastructure has increased steadily

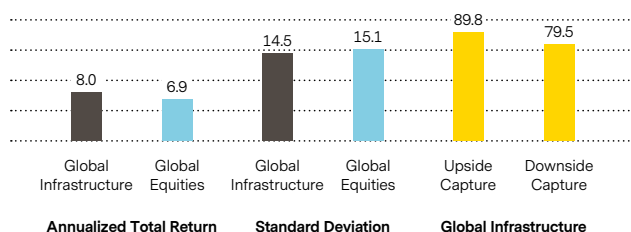
Total AUM US Dollar billion



Source: GLIO, Developed and Emerging Markets.

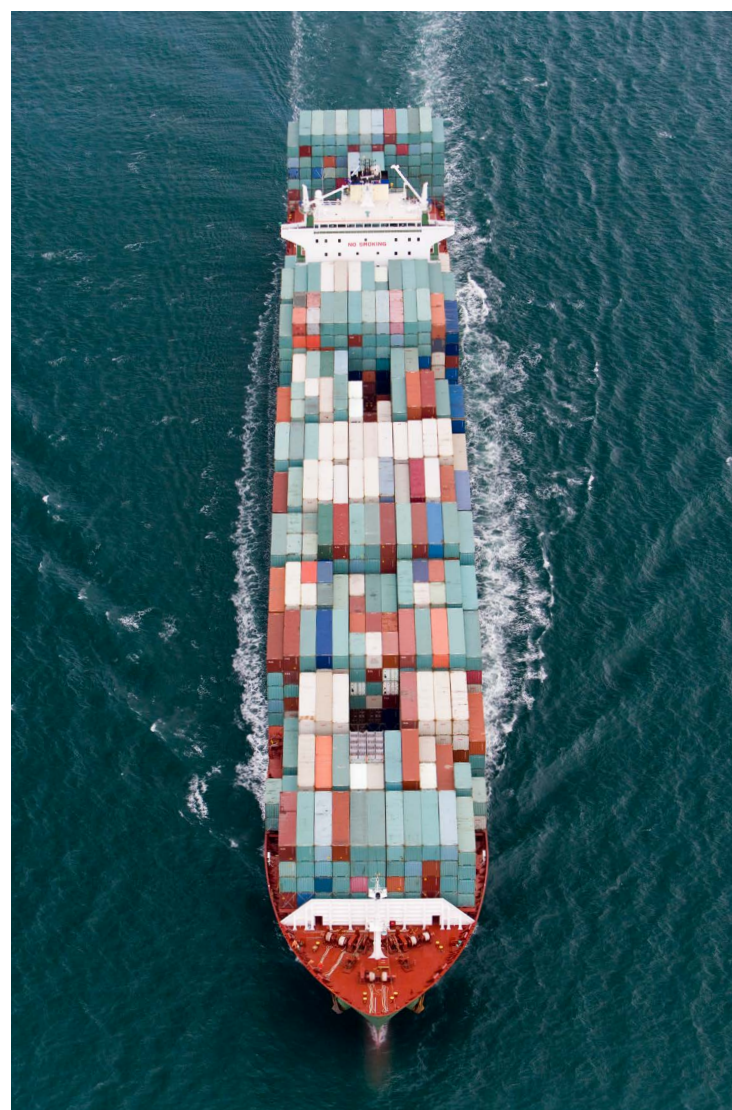
Global infrastructure's strong performance, risk, and return characteristics

Versus Global Equities, 1.1.05 to 31.12.19 (In %)



Past performance is not indicate of future results.

Global Infrastructure represented by the S&P Global Infrastructure Index. Global Equities represented by the MSCI ACWI Index.



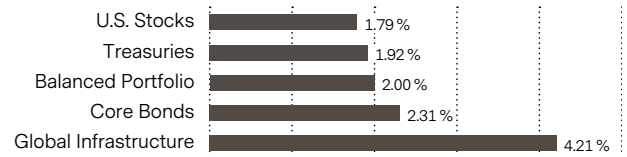
Attractive Income



Aside from the potential for capital appreciation, global infrastructure has historically offered almost double the income of a traditional stock and bond portfolio. Such yields, in turn, have attracted investors looking to supplement their fixed income allocations in a “lower for longer” interest rate environment.

Global infrastructure in a field of yields

Global listed infrastructure has historically offered attractive returns relative to bonds and equities



Past performance is not indicate of future results.

Asset classes are not representative of any Duff and Phelps portfolio. Investors should consult their financial professional to identify suitable investments. For illustrative purposes only, the indexes are unmanaged, their returns do not reflect any fees, expenses, or sales charges, and are not available for direct investment.

Source: Morningstar Direct, Virtus Performance & Analytics. All data as of 31.12.19. Yields for the various asset classes have material differences including investment objectives, liquidity, safety, fluctuation of principal, or return and tax features. Fixed income yields are yield-to-worst, and equity yields are current dividend yield. Treasuries represented by 10-year U.S. Treasury. U.S. Stocks by S&P 500® Index; Balanced Portfolio by 60 % S&P 500® Index / 40 % Bloomberg Barclays U.S. Aggregate Bond Index; Core Bonds by Bloomberg Barclays U.S. Aggregate Bond Index; Global Infrastructure by S&P Global Infrastructure Index.

What is infrastructure?

Simply stated, “infrastructure” can be defined as the large scale physical assets that a society needs to function and grow effectively. Infrastructure companies generally provide the public with essential and irreplaceable energy, water, transportation and communication services. They make up the physical foundation that provides our everyday needs.

Company and investment attributes

High Barriers to Entry, Pricing Power, Predictable Revenues, Reliable Cash Flows

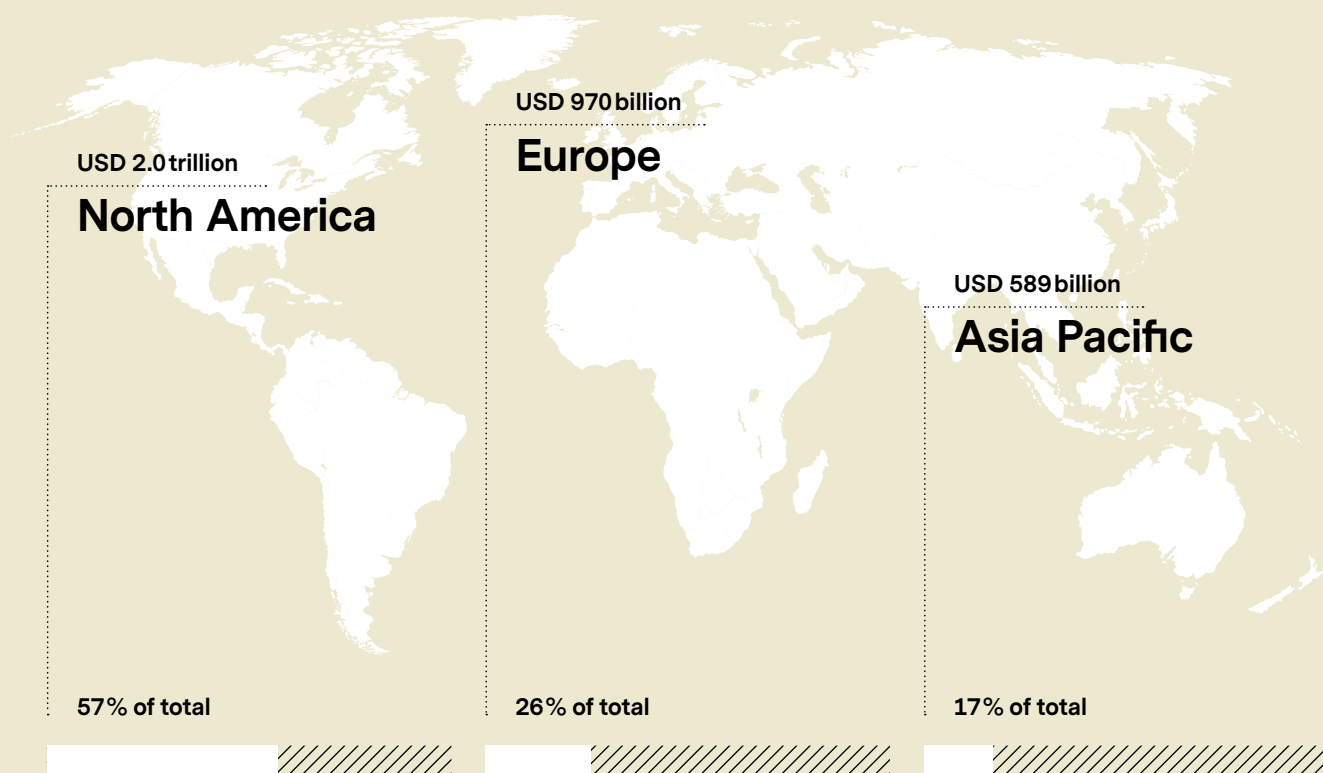
Communications	Utilities	Transportation	Midstream Energy
<ul style="list-style-type: none"> - Towers - Satellites - Fiber networks 	<ul style="list-style-type: none"> - Electric - Renewables - Gas - Water 	<ul style="list-style-type: none"> - Toll roads - Airports - Railroads - Ports 	<ul style="list-style-type: none"> - Pipelines - Storage - Gathering and processing - Liquid natural gas facilities

Key fundamentals

- Inelastic demand – essential and irreplaceable public need
- Demand increases with population growth
- High barriers to entry/competition – government granted monopolies, exclusive rights/concessions
- Capital intensive construction and long lived assets
- Government oversight – given reduced competition or potential for pricing power

An enormous investable universe

Global listed infrastructure investment universe,
250 global infrastructure companies,
USD 3.5 trillion Equity Market Value



Relevant sub-sectors

- | | | |
|----------------------------------|------------------------------------|----------------------------|
| - Electric, Gas, Water Utilities | - Airports | - Airports |
| - Wireless Towers | - Toll Roads | - Toll Roads |
| - Midstream Energy | - Electric / Gas / Water Utilities | - Electric / Gas Utilities |
| - Railroads | - Wireless Towers | - Ports |
| - Renewable Energy | - Ports | - Railroads |
| | - Renewable Energy | |
| | - Satellite Providers | |



Global infrastructure: secular trends driving growth and investment opportunities

Historic Under-Investment

Infrastructure has experienced years of under-investment by governments worldwide and continues to lack funding across multiple sectors. Global infrastructure investment needs are estimated by the Organization for Economic Cooperation and Development to total \$95 trillion from 2016 through 2030. In water, the American Society of Civil Engineers' most recent report card graded U.S. water infrastructure a D (equivalent to "poor"). Similarly, the United States Environmental Protection Agency projects \$470 billion is needed to maintain and improve U.S. drinking water infrastructure over the next 20 years. Despite an immense and acknowledged funding need, fiscal constraints hold back government investment in infrastructure, necessitating listed infrastructure opera-

tors to bridge the funding gap.

A Move to Sustainability

Against the backdrop of a growing population, government-mandated zero-emissions and renewable generation targets are driving a global movement from thermal power to renewables. In 2018, global wind turbine manufacturer Vestas estimated clean energy represented <10% of all global electricity consumption, but clean energy is forecast to grow to at least 33% by 2035, becoming the largest source of power by 2040. Multiple technologies and industries underlie the transition to clean energy. For instance, the shift to electric vehicles and the electrification of heating are projected to increase electricity demand >40% by 2035. The phasing

out of coal in favor of natural gas to generate electricity is also a key development; natural gas produces approximately 50% lower greenhouse gas emissions, according to the International Gas Union. Notably, sustainability reaches beyond utilities in infrastructure. Another driver is the way in which goods are transferred between geographies. Moving more goods by railroads, which is three to four times more fuel efficient than trucks, will have large reverberations on multiple levels.

Growing Data Demand

As wireless traffic increases, investment by telecommunications carriers will include more towers, including small cells and fiber networks, to meet demand. According to Ericsson, data traffic is accelerating and estimated to quadruple through 2025 alongside increased cloud adoption and data demand. Through the year ending September 30, 2019, mobile data traffic grew 68%, fueled by users who are increasingly using mobile devices as their primary connection for communication, productivity, and entertainment. Through 2025, mobile data traffic is estimated to grow close to 30% each year, causing mobile operators to invest in 5G wireless equipment and deploy the necessary infrastructure to accommodate user demand.

Global Resource Management

Airport, railway, and port assets are fundamental to conducting global business. Despite the short-term, negative impacts of COVID-19 on air travel, airports will benefit most from global supply chains. Eventually passengers will return to the skies, and growing economies and rising incomes should result in an air passenger market that is significantly larger in 20 years. Airport infrastructure would naturally benefit from a strong increase. In a similar fashion, rails should continue to benefit from globalized business. According to the U.S. Department of Transportation, total U.S. freight movements are estimated to rise 30% from 2018 to 2040. Such increased utilization would require better technology to maximize operational and fuel efficiency. As the U.S. has become one of the world's largest gas producers, a growth in global gas usage would provide demand visibility for natural gas pipelines infrastructure used to transport gas to end markets and export facilities. Duff & Phelps estimates U.S. production of liquefied natural gas (LNG) to nearly triple by 2025, which, if fully utilized, would make the U.S. the largest LNG exporter in the world.

Rise in Urban Congestion

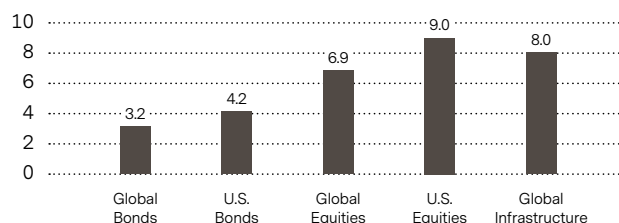
The migration of people from rural to urban and suburban areas is putting pressure on transportation infrastructure globally. In 2017 the United Nations forecasted the world's urban population will nearly double in 2050 from 4.2 billion in 2018. This urban population boom could result in nearly 1 billion more vehicles on the road by 2040. Consequently, additional toll road infrastructure would be needed to relieve congestion and fund investment. Such an unprecedented era of urbanization would require the strengthening of transport systems linking people, places, goods, and services.

Need for Private Expertise

Private companies typically have the ability to deploy technological advancements more quickly than governments to achieve efficiencies in infrastructure. In its investor briefing on May 4, 2020 Transurban, a leading toll road operator, noted an "increased need for private-sector investment to fund infrastructure and drive growth on the other side of COVID-19." We have witnessed the success of privatization in recent years. For example, the private sector toll road companies have been at the forefront of developing dynamic tolling systems for managed lanes. Construction and engineering divisions of private infrastructure companies are actively involved in the greenfield development of toll roads. Additionally, government-owned airports acquired by experienced private airport operators have increased investment in the infrastructure and improved the efficiency of the airports, supporting economic growth. Already, railroads across North America are implementing "precision-scheduled railroading", improving the network's efficiency and reducing costs. Finally, the private sector's innovation of shale drilling led to increased oil and gas pipeline construction across the U.S., making the U.S. a major global player in the energy sector. Though initially government funding and management may have been necessary for infrastructure development, the private sector has the expertise and advanced technology needed to scale infrastructure assets more efficiently.

Total return comparison

Global listed infrastructure has historically offered attractive returns relative to bonds and equities – 1.1.2005 – 31.12.2019*



Past performance is not indicate of future results.

* Includes 2008 global financial crisis. Excludes 2020 Covid-19 shock and global oil market sell-off.

Source: Morningstar. Performance data as of 31.12.19. Global bonds represented by the Bloomberg Barclays Global Aggregate. U.S. Bonds represented by the Bloomberg Barclays U.S. Aggregate. Global equities represented by the MSCI ACWI Index. U.S. equities represented by the S&P 500® Index. Global infrastructure represented by the S&P Global Infrastructure Index. Index performance reflects the reinvestment of earnings and gains but does not reflect the deduction of any fees or expenses, which would reduce returns. An index is unmanaged and not available for direct investment.

Diversification: how global infrastructure's correlation compares

Global listed infrastructure features a low correlation to traditional asset classes.

Historical correlation – 15 year

STOCKS, BOND AND REAL ASSETS

Global Large Cap Equity	0.89
U.S. Large Cap Equity	0.80
Global Bonds	0.54
U.S. Bonds	0.25
Global REITs	0.85
Global Natural Resources	0.77
Commodities	0.53
TIPS	0.36

Past performance is not indicative of future results.

Source: Morningstar. Data covers 1.1.2005–31.12.2019. Correlation measured against the S&P Global Infrastructure Index. Global Large Cap Equity: MSCI ACWI Index; Large Cap Equity: S&P 500® Index; Global Bonds: Bloomberg Barclays Global Aggregate Bond Index; U.S. Bonds: Bloomberg Barclays U.S. Aggregate Index; Global REITs: FTSE EPRA/NAREIT Developed Index; Global Natural Resources: S&P Global Natural Resources Index; Commodities: S&P GSCI® Index; TIPS: S&P U.S. Treasury TIPS Index.



Defensive nature, less sensitive to economic cycles and competition

- Diversified across sectors
- Diversified geography
- Diversified regulatory regimes and political risks
- Less subject to disruption from product cycle, competition, economic conditions
- Liquid stocks with transparent pricing

Why now?

- Infrastructure is an investment “for all seasons”
- Long tail of secular growth opportunities for all infrastructure sectors
- Defensive asset class
- Less economically sensitive due to contracted revenues and long-term concession agreements
- Resilient, non-cyclical cash flows
- Government granted monopoly or concession status – less competitive pressure
- Product cycle or technology risk – less susceptible than other industries

Headquarters in Chicago, Illinois

Imprint

Publishing by

Vontobel Asset Management AG
Gotthardstrasse 43
8022 Zurich
Switzerland

Editor

Jens Finke, CFA
Vontobel Asset Management

Authors

Connie Luecke, CFA
Senior Managing Director,
Senior Portfolio Manager
Duff & Phelps*

Steven Wittwer, CFA
Senior Managing Director,
Senior Portfolio Manager
Duff & Phelps*

Design

MetaDesign AG

Creation & Realization

Design Team, Vontobel

Images

Gettyimages
Vontobel

Duff & Phelps* – not your average asset manager, not from New York or California – was founded in 1932 during the Great Depression. This was the time of government-sponsored programs to revive the economy through massive construction programs. Institutional investors participated in this effort, but they lacked industry knowledge. This prompted securities analysts William Duff and George Phelps to establish a company providing objective security research of the utilities industry, helping insurance and trust companies steer portfolios toward sources of reliable returns and away from outsized risks. The company subsequently developed into an active asset manager specializing in infrastructure businesses listed on global stock markets. Its headquarters in Chicago (pictured) is well chosen. America's third-largest city is home to some of the tallest buildings in the US including such landmarks as the Willis Tower and the John Hancock building. Located at the tip of Lake Michigan, the city is a gateway to the plains of the US Midwest, sitting at the crossroads of water and land lines, and possessing one of the world's busiest airports, O'Hare. Capitalizing on its commanding position in transport, the city has always been a magnet for ambitious politicians, athletes, and artists. Chicago and the surrounding US state of Illinois is where Barack Obama and Michael Jordan rose to prominence.

* Duff & Phelps is a cooperation partner of Vontobel.

Legal Information

The information contained in this document is not intended for distribution to or use by any person or legal entity in any jurisdiction or country in which such distribution or use would violate any valid law or regulation or would require Vontobel or its affiliates to register within that jurisdiction or country. Vontobel makes no assurances that the information contained in this document is suitable for use at all locations or by all readers.

This document does not in any jurisdiction constitute, directly or indirectly, a recommendation, offer or solicitation to the public or anyone else to subscribe to, purchase, hold or sell a financial instrument and is not to be construed accordingly.

US: Distribution to US persons by Vontobel Asset Management, Inc. (VAMUS), Vontobel Swiss Wealth Advisors AG (VSWA) and Vontobel Securities Ltd. (VONSEC). VAMUS and VSWA are registered as investment advisers with the U.S. Securities and Exchange Commission (SEC) in accordance with the current version of the 1940 U.S. Investment Advisers Act. Registration as an investment adviser with the U.S. Securities and Exchange Commission does not presuppose a particular level of skills or expertise. VONSEC is registered as a broker dealer with the SEC in accordance with the 1934 U.S. Securities Exchange Act and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). VAMUS, VSWA and VONSEC are wholly-owned subsidiaries of Vontobel Holding AG, Zurich, Switzerland. VONSEC assumes responsibility for the content of a report prepared by a non-US subsidiary if VONSEC distributes the report to US persons. **United Kingdom:** This document has been approved by Vontobel Asset Management SA, London Branch, registered office at Third Floor, 22 Sackville Street, London W1S 3DN. Vontobel Asset Management SA, London Branch, is authorized by the Commission de Surveillance du Secteur Financier (CSSF) and is subject to limited regulation by the Financial Conduct Authority (FCA). Details on the extent of FCA regulation can be obtained upon request at Vontobel Asset Management SA, London Branch. **Singapore:** This document has not been reviewed by the Monetary Authority of Singapore. This document has been approved by Vontobel Asset Management Asia Pacific Ltd. registered office at 1901 Gloucester Tower, The Landmark 15 Queen's Road Central, Hong Kong. This document should not be considered as a solicitation to the general public or a member of the general public in Singapore to subscribe to or purchase financial instruments, either directly or indirectly. **Hong Kong:** The content of this document was not reviewed or approved by any regulatory body in Hong Kong, including the Securities and Futures Commission in Hong Kong. This document has been approved for use in Hong Kong by Vontobel Asset Management Asia Pacific Ltd. registered office at 1901 Gloucester Tower, The Landmark 15 Queen's Road Central, Hong Kong. You are therefore advised to exercise caution and, in the event of doubt regarding the contents, to seek independent professional advice. **Australia:** This document has been approved by Vontobel Asset Management Australia Pty Limited (ABN 80 167 015 698), holder of Australian Financial Services Licence No. 453140, and this company bears responsibility for its content. Further information for investors based in Australia can be found at: Vontobel Asset Management Australia Pty Ltd., Level 20, Tower 2, 201 Sussex St, NSW-2000 Sydney, Australia. Information in this document was not prepared especially for investors in Australia. It may (i) include references to amounts in dollars other than Australian dollars, (ii) contain financial information that has not been prepared in accordance with Australian legal requirements or practices, (iii) not cover potential risks associated with investments in foreign currencies and (iv) not take into account Australian tax issues. **Germany:** This document has been approved by Vontobel Asset Management SA, Munich Branch, registered office Leopoldstrasse 8-10, 80802 Munich and by the Commission de Surveillance du Secteur Financier (CSSF) and is subject to limited regulation by the German Federal Financial Supervisory Authority (BaFin). Details on the extent of regulation can be obtained upon request at Vontobel Asset Management SA, Munich Branch. **Italy:** This document has been approved by Vontobel Asset Management SA, Milan Branch, registered office Piazza degli Affari 3, I-20123 Milan, Italy (telephone: 026 367 344). Vontobel Asset Management SA, Milan Branch, is authorized by the Commission de Surveillance du Secteur Financier (CSSF) and is subject to limited regulation by the Italian National Bank and the CONSOB. Details on the extent of regulation by the Italian National Bank and the CONSOB can be obtained upon request at Vontobel Asset Management SA, Milan Branch. The content of this document has not been reviewed or approved by any regulatory body, including the Italian National Bank or the CONSOB. This document should not be considered as an offer to the general public or a member of the general public in Italy to subscribe to or purchase financial instruments, either directly or indirectly.

This document is a general communication. It is not independent and was prepared exclusively for informational and educational purposes. The information and opinions contained in this document (jointly “information”) are not to be taken as forecasts, research, recommendations or investment advice. Readers bear sole responsibility for decisions made on the basis of information in this document. They must not rely on information in this document when making an investment decision or any other decision.

This document was not prepared on the basis of individual investor relations. Nothing in this document constitutes advice regarding taxes, accounting, regulation, law, insurance, investments or any other form of advice regarding subscribing to, purchasing, holding or selling securities or other financial instruments, making transactions or following other investment strategies.

All information in this document is provided on the basis of knowledge and/or the evaluation of the market at the time of preparing the document or at the time stated in the document without making any express or implicit representations or warranties of any kind. Vontobel is not liable for any direct or indirect losses or damage that result from the information available in this document, including but not limited to loss of earnings, or for any losses or damage incurred as a direct or indirect result of the use of information contained in the document.

All information contained in this document can become void or change as a result of subsequent political or market events or for other reasons. However, Vontobel is under no obligation to update this document. All forecasts, forward-looking statements and estimates contained in this document are speculative. Various risks and uncertainties mean that it cannot be guaranteed that the estimates or assumptions made will prove to be correct and actual events and results may differ significantly from those presented or expected in this document. The opinions expressed in this document may change as a result of market, economic and other conditions. Information in this document should not be interpreted as a recommendation but as an illustration of general economic issues. Please note that past performance is not a reliable indicator of current or future performance and that forecasts are essentially limited and must not be used as an indicator for future performance.

Vontobel releases itself, insofar as is possible under the applicable law, from any liability for direct or indirect damage or losses resulting from the information provided here or from the absence of information. Although Vontobel believes that the information in this document was compiled with all due care, Vontobel makes no express or implicit guarantee of the accuracy or completeness of the information, text, figures or other elements included in this document. The document should not be used as a reliable basis for decisions. Vontobel accepts no liability in this regard.

The information included in this document does not constitute a contractual relationship between the provider of this information and the readers of this document and is not to be interpreted as such.

All aspects of this document are the copyrighted property of Vontobel or third parties. Information in this document is intended for your personal, not commercial, use.

Vontobel, members of the management team or employees may have invested in the past or currently invest in financial instruments about which information or opinions are included in this document, or they may invest in these instruments in future. Vontobel may also have provided services in the past, may currently provide services or may provide services in the future for issuers of these financial instruments, including e.g. corporate finance or market making services. It is also possible that employees or members of the management team at Vontobel have in the past exercised certain functions for the issuers of these financial instruments (e.g. work as member of the management team), or that they exercise these currently or will do so in future. Vontobel, employees or members of the management team could therefore have a personal interest in the future performance of financial instruments.

